Minutes - Executive Policy Committee – June 22, 2005

Minute No. 408
Report - Standing Policy Committee on Public Works - June 14, 2005

Item No. 1 **Award of Contract - Operation of St. Vital Centennial Arena to St. Vital Minor Hockey Association**
File PR-2.1

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

The Executive Policy Committee concurred in the recommendation of the Standing Policy Committee on Public Works and submits the following to Council:

1. That the service contract for the operation of the St. Vital Centennial Arena at 580 St. Anne's Road be awarded to St. Vital Minor Hockey Association for a period of five years (August 1, 2005 to July 31, 2010). The St. Vital Minor Hockey Association was the sole responsive bidder and provided a business plan that meets the arenas objectives.

2. The total contract amount, excluding GST, to be paid by the City pursuant to the contract is estimated to be approximately $1,045,376.43 over the five-year period (August 1, 2005 to July 31, 2010).

3. That the Chief Administrative Officer be delegated the authority to extend the contract for an additional five years if it is determined to be in the best interests of the City.

4. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

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DECISION MAKING HISTORY:

Moved by Councillor Eadie,
That the recommendation of the Standing Policy Committee on Public Works be concurred in and forwarded to Council.

Carried

STANDING COMMITTEE RECOMMENDATION:

On June 14, 2005, the Standing Policy Committee on Public Works concurred in the administrative recommendation and submitted the matter to the Executive Policy Committee and Council.

ADMINISTRATIVE REPORT

RE: AWARD OF CONTRACT FOR THE SERVICE CONTRACT FOR THE OPERATION OF ST. VITAL CENTENNIAL ARENA AT 580 ST. ANNE'S ROAD WITH COMMUNITY CENTRES AND NON-PROFIT ICE SPORT ORGANIZATIONS
RFP No. 577-2004

FOR SUBMISSION TO: **STANDING POLICY COMMITTEE ON PUBLIC WORKS**

ORIGINAL REPORT SIGNED BY: **L.S.W. LARKIN**
Director of Public Works

REPORT DATE: **May 30, 2005**

RECOMMENDATION (S):

1. That the service contract for the operation of the St. Vital Centennial Arena at 580 St. Anne's Road be awarded to St. Vital Minor Hockey Association for a period of five years (August 1, 2005 to July 31, 2010). St. Vital Minor Hockey Association was the sole responsive bidder and provided a business plan that meets the arenas objectives.

2. The total contract amount, excluding GST to be paid by the City pursuant to the contract is estimated to be approximately $1,045,376.43 over the five year period (August 1, 2005 to July 31, 2010).

3. That the Chief Administrative Officer be delegated the authority to extend the contract for an additional five years if it is determined to be in the best interests of the City.

REPORT SUMMARY:

Key Issues:

- The existing Service Contract for operation of St. Vital Arena with the St. Vital Minor Hockey Association expires on July 31, 2005. This contract will replace the expiring contract until July 31, 2010.
- The St. Vital Minor Hockey Association has agreed to the terms and conditions of the contract.

- The previous Arena Service contract that was awarded to St. Vital Minor Hockey Association has been performed to the satisfaction of the Administration.
- The award of this contract will not result in redeployment of CUPE staff.

Implications of the Recommendation(s):

General Implications:

[ ] None
[ ] For the organization overall and/or other departments
[ ] For the community and/or organizations external to the City
[x] Involves a multi-year contract

Comments: The operation and maintenance of St. Vital Arena will continue under the same arrangements as the previous seven (7) years. The public and the city will not be negatively affected.

Council approval is required since this is a multi-year contract.

Policy Implications:

[x] No
[ ] Yes

Comments:

Environmental Implications:

[x] No
[ ] Yes

Comments:

Human Resource Implications:

[x] No
[ ] Yes

Comments: The award of this contract will not result in redeployment of CUPE staff.

Financial Implications:

[ ] Within approved current and/or capital budget
[x] Current and/or capital budget adjustment needed

Comments: This Contract is of financial benefit to the City, with a net benefit of $10,351 in 2005. Not awarding the contract has been estimated to have an additional net cost to the City of $36,800 in 2005, and an average additional cost of $77,000 for each full year of the contract. No budget adjustment is required for the 2005 year. However, an increase to the budget will be required for 2006 to 2010 in Community Services' Transfer to Public Works Fund. This would be addressed in the 2006 - 2008 budget submission.

REASON FOR THE REPORT:

Award of contract is required to ensure the uninterrupted operation of St. Vital Centennial Arena, 580 St. Anne's Road upon the expiration of the existing service contract with the St. Vital Minor Hockey Association on July 31, 2005.

Council has the authority to award contracts that commit funds from future years budget.

HISTORY:

On June 24, 1998 Council approved the award of 3-year service contract for St. Vital Centennial Arena effective August 1, 1998. The St. Vital Minor Hockey Association (SVMHA) was awarded the St. Vital Centennial Arena. The motion read in part:

> "RFP item 3 St. Vital Centennial Arena
> 3a That an award of contract be approved for St. Vital Centennial Arena, as it is in the interest of the city to award the contract.
> 3b Further that the award of the contract be made to St. Vital Minor Hockey Association, who has submitted the proposal offer most advantageous to the City for St. Vital Centennial Arena. The contract being a 36-month service contract to operate the St. Vital Centennial Arena"

The SVMHA exercised the contract extension option for one year (August 1, 2001 to July 31, 2002), on the same terms and conditions as the original contract. A supplemental agreement for the operation of St. Vital Centennial Arena by the SVMHA was approved on May 22, 2002 for an additional three-year period from August 1, 2002 to July 31, 2005.

There are no terms in the existing contract for an extension to operate the arena past July 31, 2005 when the present Supplemental Agreement expires.

The Material Management Division prepared a Request for Proposal (RFP 577 – 2004) for a Service Contract for the operation of the St. Vital Centennial Arena with Community Centres and Non- Profit Ice – Sport Organizations. This contract will be for

a five year period expiring July 31, 2010. The contract may be extended for a further term but not to exceed five years.

Final receipt of bids took place on April 7, 2005; St. Vital Minor Hockey Association was the sole Bidder.

DISCUSSION:

Award of contract be given to St. Vital Minor Hockey Association as it is in the City of Winnipeg's best interest. The recommended bidder has provided a Business Plan meeting the arenas objectives and has the necessary resources and experience to perform all work in accordance with the requirements of the specifications.

There are no Subcontractors listed for this work.
The offer is open for acceptance, binding and irrevocable for a period of 90 days following the submission Deadline of April 7, 2005.

The requirements for Bid and Performance Securities were waived for this purchase in accordance with the authority delegated to the Manager of Materials pursuant to Administrative Directive FM-002.

Awarding the contract to St. Vital Minor Hockey Association will result in net revenue of $10,350.91 for the 2005 budget year, whereas not awarding the contract has been estimated to have a net additional cost to the City of $36,800.00 in 2005, and an average additional cost of $77,000.00 for each full year of the contract.

	2005	2006	2007	2008	2009
BUDGET IMPACT					
PROJECTED					
Revenue – Rental & Concession	117,791.68	210,159.55	213,498.98	216,901.86	220,369.40
Service Contract Fee	107,440.76	203,923.48	207,396.28	205,925.57	209,012.42
NET PROJECTED REVENUE	**10,350.91**	**6,236.07**	**6,102.70**	**10,976.29**	**11,356.98**
EXISTING BUDGET					
Revenue – Rental & Concession	85,000.00	176,200.00	176,200.00	176,200.00	176,200.00
Service Contract Fee	74,819.00	149,638.00	149,638.00	149,638.00	149,638.00
2005 NET BUDGET	**10,181.00**	**26,562.00**	**26,562.00**	**26,562.00**	**26,562.00**
NET BUDGET IMPACT	**(169.91)**	**20,325.93**	**20,459.30**	**15,585.71**	**15,205.02**
BUDGET ADJUSTMENT					
Revenue – Rental & Concession	(32,791.68)	(33,959.55)	(37,298.98)	(40,701.86)	(44,169.40)
Service Contract Fee	32,621.76	54,285.28	57,758.28	56,287.57	59,374.42
NET BUDGET ADJUSTMENT	**(169.91)**	**20,325.93**	**20,459.30**	**15,585.71**	**15,205.02**

No budget adjustment is required for the 2005 year as this variance will be absorbed in current operating for the year. However, an increase to the budget will be required for

2006 to 2010 in Community Services Transfer to Public Works Fund. This would be addressed in the 2006 - 2008 budget submission.

Financial Impact Statement

Date: May 25, 2005

Project Name:

First Year of Program **2005**

AWARD OF CONTRACT FOR THE SERVICE CONTRACT FOR THE OPERATION OF ST. VITAL CENTENNIAL ARENA AT 580 ST. ANNES'S ROAD WITH CONNUMITY CENTRES AND NON-PROFIT ICE SPORT ORGANIZATIONS

	2005	2006	2007	2008	2009
Capital					
Capital Expenditures Required	$ -	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	-	-	-	-	-
Additional Capital Budget Required	$ -	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal	$ -	$ -	$ -	$ -	$ -
Debt - External	-	-	-	-	-
Grants	-	-	-	-	-
Reserves, Equity, Surplus	-	-	-	-	-
Other -	-	-	-	-	-
Total Funding	$ -	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ -				
Total Additional Debt Required	$ -				
Current Expenditures/Revenues					
Direct Costs	$ 107,441	$ 203,923	$ 207,396	$ 205,926	$ 209,012
Less: Incremental Revenue/Recovery	117,792	210,160	213,499	216,902	220,369
Net Cost/(Benefit)	$ (10,351)	$ (6,236)	$ (6,103)	$ (10,976)	$ (11,357)
Less: Existing Budget Amounts	(10,181)	(26,562)	(26,562)	(26,562)	(26,562)
Net Budget Adjustment Required	$ (170)	$ 20,326	$ 20,459	$ 15,586	$ 15,205

Additional Comments: This Contract is of financial benefit to the City, with a net benefit of $10,351 in 2005. Not awarding the contract has been estimated to have a net additional cost to the City of $36,800 in 2005, and an average additional cost of $77,000 for each full year of the contract. Note that the 2005 financial impact is only for the first half year of the contract. No budget adjustment will be required for the 2005 year. However, a budget adjustment will be required for 2006 to 2010 in Community Services Transfer to Public Works Fund. This would be addressed in the 2006 - 2008 budget submission.

Original Signed by Darcy Stewart
Manager of Finance & Administration

Approved by Supervisor of Financial Services: ✔

2008

IN PREPARING THIS REPORT THERE WAS CONSULTATION WITH, AND CONCURRENCE BY:

Legal Services Division, Corporate Services Department
Materials Management Division, Corporate Finance Department
Community Services Department

THIS REPORT SUBMITTED BY:

Department:	Public Works Department
Division:	Building Services Division
Prepared by:	John Atkinson, Superintendent of Arenas and Wading Pools
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